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STATE SENATOR

**TESTIMONY for Senate Bill 331
The Downtown Wisconsin Act
Senate Committee on Economic Development
Wednesday, February 13, 2008
Room 201 Southeast**

Good morning. We would like to thank members of the committee for their consideration of this bill. We appreciate the opportunity to speak about the importance of SB 331 – the Downtown Wisconsin Act.

The 2007-2008 Downtown Wisconsin Act is the culmination of a six-year effort of discussions by downtown planners, business owners, historic preservationists and developers across the state.

Representative Shilling began to work on this legislation during the 2002-03 session with former Representative Dan Schooff; since that time, she and I have spent a great deal of time working with key stakeholders to address their concerns and craft a bill that we strongly believe will help spur economic development in Wisconsin's downtowns. We feel that Senate Bill 331 will accomplish just that, and we are hopeful that members of the committee will agree.

As with past versions of this legislation, the current Downtown Wisconsin Act includes several provisions intended to grow the state's economy at the local level, foster small business development, and prevent urban sprawl.

This proposal includes:

- Creating a definition and certification process for downtowns interested in economic development efforts.
- Establishing guidelines to assist communities in reconstructing central business districts that are destroyed or severely damaged in major disasters.

- Facilitating the preservation and restoration of historic buildings through a more flexible interpretation of the State Historic Building Code.

In addition, we have made a few revisions from last session that will preserve the intent of the legislation, while expanding the incentives for development.

The two primary additions are:

1. Including language to improve Community Sensitive Design (CSD) consideration for Main Street Communities and Dept of Commerce certified Downtowns.

Community Sensitive Design is a current DOT initiative to identify and consider the physical, environmental, social, cultural, aesthetic and transportation elements in the planning, design, construction, operation and maintenance of transportation projects. CSD is an enhancement program with a percentage of project dollars used to improve the landscape along the highway or the character of a local community. CSD funds could be used to improve the physical appearance of the Main Street business districts. Projects in the downtown area could include: decorative lighting, landscaping, planting, bicycle and pedestrian facilities, park benches, banners and signage.

2. Allowing that the improved tax credit be applicable to all properties that are eligible for the income producing credit, instead of only providing the tax credit to properties in certified downtown districts.

This would increase the preservation of historic buildings by eliminating the differential treatment of historic properties that fall outside of the certified downtown districts. For example, in La Crosse the Gund Brewery Lofts redevelopment project renovated an old brewery into a modern apartment building. This project has been a wonderful addition to La Crosse's growing south side, however, the project was not eligible for the tax incentives under the current version of this bill because the building is located a few blocks outside of the downtown area. These are the types of redevelopment and historic preservation projects we should be encouraging in communities throughout the state.

Our downtowns are the heart and soul of our communities. They traditionally have been the economic hubs of our communities. Their strength is vital to the overall health of the community.

With legislative leaders in both houses currently focusing their attention on ways to boost the state's economy, it is absolutely necessary that the development and revitalization of our downtowns be part of this debate. Any package on economic development must include a downtowns component that focuses on the growth of our central business districts.

If we do not make the development of our central business districts a primary goal of our economy strategy, we are severely limiting our potential throughout this state for economic growth and job creation.

Last month in his State of the State address Governor Doyle outlined his economic development package aimed at growing Wisconsin's economy, this development package has already received praise from legislators in both parties. We are pleased to speak about Downtown Wisconsin Act at a time when our country is facing a possible recession and bipartisan cooperation is essential to Wisconsin's sustained economic health.

By working to revitalize and rehabilitate our local communities, our state as a whole will prosper. By providing assistance following natural disasters, such as the flooding that devastated Western Wisconsin or the tornadoes that decimated Central Wisconsin last year, we can help those communities rebuild and regrow their local economies.

And by creating practical solutions to eliminate many of the barriers to revitalization efforts while expanding programs that are key to successful redevelopment initiatives; we can make a positive imprint on the future of Wisconsin's downtowns.

Again, we thank you for the opportunity to present testimony before this committee and we ask for your support of the Downtown Wisconsin Act to ensure that the expanded economic opportunities outlined in this package will become a reality.

Thank you.



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**Testimony before the Economic Development Committee. 2008 Senate Bill 331
February 13, 2008**

I am Michael Stevens and am State Historic Preservation Officer and Administrator of the Division of Historic Preservation and Public History at the Wisconsin Historical Society

The Wisconsin Historical Society supports SB 331, the Downtown Wisconsin Act. The legislation encourages investment in rehabilitating Wisconsin's historic buildings. Many of these buildings are in downtown areas, and the legislation also encourages downtown development. The federal government currently provides a 20% historic rehabilitation tax credit. Last year this credit generated \$51 million in investment in Wisconsin and returned \$10 million in federal tax credits to Wisconsin taxpayers. AB599 supplements the federal tax credit program by improving the existing state historic rehabilitation tax credit program, both of which are administered by the Wisconsin Historical Society. It also provides funds for the Main Street program administered by the Department of Commerce through fees collected by the Wisconsin Historical Society.

The Society supports increasing tax credits for historic properties. Since the tax credit program began 30 years ago, more than one and a quarter billion dollars of investment has been made in historic properties in Wisconsin, an investment that created jobs that stayed in this state. Economic studies elsewhere have shown that tax credits are revenue positive, returning more to the state in sales tax, payroll tax and other fees than the revenue lost to the credit. At the same time, they have resulted in increased property values that improve the local property tax base.

The Historical Society cites the experience in other states that demonstrates expanding historic preservation rehabilitation tax credits encourages the preservation of historic buildings and results in greater economic development. A Rutgers University study of improvements to the Missouri historic preservation tax credit program demonstrates the substantial impact on that state's economy. The Rutgers study reports that Missouri's historic preservation tax credits helped stimulate \$346 million in annual expenditures for the rehabilitation of historic buildings. The same study also details increased tourism spending, more jobs, and the generation of more taxable income as additional benefits. (<http://www.dnr.mo.gov/shpo/RutgersStudy.pdf>)

The increased expenses associated with reviewing the anticipated large increase in tax credit applications will be recovered by a fee on applicants, not from GPR. The legislation provides for transfer of 50 percent of the fees generated from reviewing applications for income-producing properties to the Department of Commerce. In our fiscal note, the Society estimates that fees paid by those who benefit from the credit will offset the additional costs to the Society incurred by the increased workload. Based on the experience in Missouri, we also predict that the Society will need 4.7 FTE PRS positions to support the increased workload, although the legislation authorizes only 1.0 FTE PRS position for the Society.

In summary we believe that this legislation is good both for history in Wisconsin and for Wisconsin's economic development.